

DRAFT - 10 Jan 77

MEMORANDUM FOR: Deputy Director of Central Intelligence  
THROUGH : Inspector General  
FROM : John F. Blake  
Deputy Director for Administration  
SUBJECT : Inspector General Survey of the DDA

1. Generally speaking, we concur in the Inspector General's report which covers the subject survey. There are <sup>however</sup> certain facts <sup>which</sup> ~~were not included about~~ <sup>and feel that they</sup> which we feel quite strongly <sup>certain</sup> ~~about that~~ should be included, ~~it it~~. These facts concern ~~the~~ efforts this Directorate ~~has~~ made at various times to correct the situations the Inspector General describes in his report.

2. First, with regard to Recommendation #1 on page 2 of the report, OGC memo dated 27 July 1976 addressed to the Inspector General (DDA 76-3837) makes it mandatory that the Office of General Counsel "review each and every proposed request for Agency assistance to other Government components." As we pointed out to the IG representatives, to the best of our knowledge, this mandate still stands and while we can undertake the course of action recommended we believe the record should show that all our informal efforts toward this end have thus far failed.

3. Second, Recommendation #2 also on page 2 of the report (and again on page 16), speaks of CIA relationships with American media organizations and again we believe that some mention should be made of our earlier efforts in this regard. Our memorandum (DDA 76-2350) was forwarded to the OGC on 12 May 1976 and in it we recommended that the DCI give his approval to the "continuation of this

use of media and clerical personnel in training courses as an exception to [ ] The OGC reaffirmed in their reply dated 14 May 1976 (DDA 76-2447) that the Agency should not enter into any paid or contractual relationship with any full or part-time news correspondent. . . ." Here, too, we feel quite strongly that our special efforts should be <sup>noted</sup> ~~made a matter of record~~ in the ~~IS~~ report.

--Recommendations 3, 4, 5 & 6 - [ ] (AI/DDA)

4. We also believe that without further elaboration, Recommendation #7 tends to ignore all the work this Directorate has done thus far to update Agency regulations. Furthermore, we made a specific recommendation to the Comptroller that he incorporate this undertaking as an Agency-wide objective and suggested that the other Directorates also be asked to update all regulations which fell within their respective areas of responsibility. The Comptroller's office disagreed with <sup>this</sup> ~~our~~ proposal and as a result we in the Directorate are pursuing this course of action <sup>on our own and are</sup> ~~without recourse to~~ <sup>concentrating on DDA reg's only</sup> ~~the rest of the Agency.~~ In order to be completely fair on this issue, the record should note our efforts in this <sup>respect</sup> ~~regard~~.

--Recommendation #8 - see earlier paragraph.

--Recommendations #9 and 10 - Logistics to handle.

--Recommendation #11 - see earlier paragraph.

--Recommendations #12 and 13 - Logistics and Finance

--Recommendation #14 - Security and Medical Services

--Recommendation #15 - Data Processing

### E. Office of Logistics

#### Background:

The Office of Logistics (OL) is responsible for planning and implementing logistical support for the Agency. Its mission and functions are set forth in [redacted] the basic regulation controlling its activities appear in [redacted] The T/O strength for the Office is [redacted] in the central office. The budget for FY 1977 is approximately [redacted]

OL is organized into four special staffs and six operating divisions. Of the staffs, Security is responsible primarily for obtaining security approvals for contractors having classified agency contracts; Personnel and Training is self-explanatory; Procurement Management coordinates and provides guidance under Agency procurement policy; Plans and Programs is responsible for a variety of activities including EEO, the Claims Review Board, preparation of the MBO and Agency emergency planning and relocation. In the divisions, Logistics Services provides housekeeping and general support; Printing and Photography handles Agency printing

and microphotography needs except for certain specialized jobs; Procurement handles all Agency procurements and contracts except R&D; Supply acquires, maintains and ships material to support the Agency; Real Estate and Construction acquires all office space for the Agency, modifying and altering it to meet its intended use.

Findings:

1. EO 11905, Section 3(d)(vii)(A), 4(b)(8) and 4(b)(9) and [ ] 3)(b) strengthens the Agency's role in authorizing the polygraph of contractor employees to be used by the Agency on classified projects.

2. Question was raised over the need for specific approval for each inter-Agency contact on printing matters as required by [ ] Annex E(2). These contacts are for administrative matters like viewing equipment or systems in the printing field.

3. Obsolete material is turned over to GSA for disposal under Federal Property and Administrative Act of 1949 (Ch. 41, USC) and Federal Regulations (CFR Title 41, Part 101). Some obsolete but sensitive material is being destroyed by the Agency on oral instructions from GSA, which claims that the DCI has authority to so dispose under his authority to protect sources and methods.

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Recommendations:

Recommendation No. 9: That approving authority be delegated by DDA to subordinate levels in cases of routine administrative contacts with other government agencies.

Recommendation No. 10: That the Office of Logistics obtain from OGC a legal opinion as to whether the DCI's responsibilities for protecting sources and methods covers the disposition of obsolete but sensitive material.

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B. Office of Finance (OF) and Office of Logistics (OL)

Findings:

1. Manual processing of invoices from OL to OF causes some delay in payment to contractors. These slow payments seem to be a result of the need for a hard copy invoice following receipt and acceptance before OF will authorize payments. Contractors have complained to OL over this and, due to this slow payment, there have been a few firms who will no longer contract with the Agency. The solution is to speed the process so that contractor payment can be made more quickly.

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2. A difference of opinion exists between OL and OF on the advisability of waiving certain contract audits that relate to small dollar contracts and short-term rates on overhead costs. OL feels that the contracting officer has the final word on the contract, and since CSAD/OF has an advisory audit role in evaluating contract clauses, the certifying officer cannot countermand what is submitted by the contracting officer. The certifying officer feels unprotected from pecuniary liability if improper payment is made, and that the contracting officer is not affected. In effect, the present procedures places upon OF the obligation of supporting OL, but without technically protecting the Director from improper payments. OF wishes to develop a written set of agreed ground rules, while OL is satisfied with the present situation. We believe that the matter should be regularized; given the interests of GAO in such practices, there is extra reason for timely action.

Recommendations:

Recommendation No. 12: That OL and OF establish a quicker system of invoice processing and payment to contractors.

Recommendation No. 13: That the DDA address the issue of establishing written standards on waiving OF contract audits of small dollar procurement contracts.

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